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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 692 (Kalra) - Employment: contracts in restraint of trade

**Version:** July 17, 2025

**Policy Vote:** L., P.E. & R. 4 - 1, JUD. 11 -  
2

**Urgency:** No

**Mandate:** No

**Hearing Date:** August 29, 2025

**Consultant:** Robert Ingenito

**Bill Summary:** AB 692 would (1) enhance penalties against employers who engage in practices that restrain workers from practicing their profession, business, or trade, and (2) make specified contracts void that are entered into between workers and employers.

### \*\*\*\*\* ANALYSIS ADDENDUM – SUSPENSE FILE \*\*\*\*\*

The following information is revised to reflect amendments  
adopted by the committee on August 29, 2025

#### Fiscal Impact:

- The Department of Industrial Relations (DIR) indicates that this bill would result in first year costs of \$517,000, and \$493,000 annually thereafter, to implement the provisions of the bill. (Labor Enforcement and Compliance Fund).
- The Department of Justice indicates that this bill would result in minor and absorbable costs.
- This bill could result in increased penalty revenue to the State. The magnitude is unknown, but probably minor.
- By authorizing a new civil action, as specified, this bill could result in an increased number of civil actions. Consequently, the bill could result in potentially significant cost pressures to the courts; the magnitude is unknown (Trial Court Trust Fund (TCTF)). The specific number of new actions that could be filed under the bill also is unknown; however, it generally costs about \$10,500 to operate a courtroom for an eight-hour day. Courts are not funded on the basis of workload, and increased pressure on TCTF may create a need for increased funding for courts from the General Fund. The enacted 2025-26 budget includes \$38 million in ongoing support from the General Fund to continue to backfill TCTF for revenue declines.

#### Author Amendments:

- Add the definition of “misconduct,” as specified.
- Add “personal property” to the definition of “Debt.”
- Remove “gross” from the termination for misconduct, as specified.

- Add “financial bonus” to the exemption on the discretionary nonmonetary clause in (2)(D).
- Amend the independent legal counsel clause in the bonus exemption. Employers would notify workers they have the right to counsel vs require workers to be represented by independent counsel in (D)(ii)
- Remove “material noncompliance” from the bonus exemption clause - (2)(D)(v)
- Add “misconduct in connection with their work” to clarify both termination provisions in the exemptions
- Change “termination” to “separation from”
- Add the following exemption -- “A contract related to the lease, financing, or purchase of residential property, including, but not limited to, a contract pursuant to the California Residential Mortgage Lending Act (Division 20 (commencing with Section 50000) of the Financial Code. ”

**-- END --**